

TOP 10 INDICATORS: CALIFORNIA'S HEALTH CARE SYSTEM IS BROKEN

#1 Californians Pay A Hidden Tax

- **Health care providers are shifting the cost of caring for the uninsured – unpaid medical bills – onto Californians with insurance, resulting in a "hidden tax."** "When medical bills go unpaid, many health care providers shift the costs onto those who can pay—those with health insurance. This cost-shifting amounts to a hidden tax levied by providers on behalf of those who cannot pay, the uninsured and underinsured." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)
- **The hidden tax costs \$455 per individual or \$1,186 per family each year.** "This results in an approximate 10 percent increase in health insurance premiums for Californians. More specifically, the average California family with health insurance will pay an additional \$1,186 in premiums for 2006. Individuals purchasing insurance will spend about \$455 annually in additional premiums." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)

#2 Millions Of Working Californians Don't Have Insurance

- **More than one in six Californians is uninsured. That's 6.5 million people.** "Six and one-half million Californians were uninsured for all or some of 2005, a number that is as large as the combined populations of nine other states." (Jean Yoon, E. Richard Brown, Shana Alex Lavarreda and Sungching Glenn, Health Policy Research Brief: "One In Five Californians Were Uninsured In 2005 Despite Modest Gains In Coverage," UCLA Center for Health Policy Research, 10/2006)
- **The majority of the uninsured are working poor.** "Of [uninsured Californians] more than two thirds work in full-time jobs. More than three in five of the uninsured earn less than 200 percent of the Federal Poverty Level (FPL, \$33,200 for a family of three in 2006), while more than one in five uninsured are in families making more than 300 percent FPL (\$49,800 for a family of three)." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)
- **Young adults are the most likely to be uninsured.** Young adults are the most likely to be uninsured in California; more than 30 percent of those between ages 18 and 34 live without health insurance coverage. (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)

#3 The Sick Delay Care

- **Californians Are Putting Off Medical Care Until They End Up In The ER.** "Currently one in five Californians – roughly 7 million people – have absolutely no health insurance. Without it, many people simply put off medical care until they end up in the ER – much sicker and requiring more care than they would have had they been visiting a doctor on a regular basis." (Dr. Barry Simon, "Emergency Rooms On Front Line Of Health Care," *Contra Costa Times*, 12/22/06)
- **Emergency Rooms Are By Far The Most Expensive Means Of Routine Care.** The cost of medical care for treating a patient with strep throat is \$91 at a doctor's office and \$72 at a retail clinic, but \$328 in an emergency room, according to a study by Health Partners conducted in 2005. (California HealthCare Foundation, "Health Care In The Express Lane: The Emergence Of Retail Clinics," July 2006)

#4 Emergency Rooms Are Closing

- **Emergency Rooms Are Closing Down – More Than 65 Of Them In California Within A Decade.** "More than 65 emergency rooms have closed statewide about a decade and more than two dozen in the last five years." (California Medical Association, Press Release, "San Jose Hospital Shut Down Underscores Need For Proposition 67," 09/08/04)
- **California Hospitals Shouldered More Than \$5 Billion in Uncompensated Care In 2003.** "Providing uncompensated care to the 7 million uninsured Californians only adds to the relentless and increasing financial pressures on hospitals. In 2003 alone, California hospitals provided more than \$5 billion in uncompensated care (adjusted for cost) to low-income and uninsured patients." ("California Hospitals' Financial Condition: On Life Support," California Healthcare Association, June 2004)

#5 Health Care Providers Charge More and More

- **Health Care Providers Are Inflating Their Costs To Compensate For Caring For The Uninsured.** "Providers do not have unlimited pockets to secretly finance the health care provided to millions of uninsured (and underinsured) patients. Hospitals and physicians anticipate the fact that the uninsured will seek care each year. They prepare for this reality by: *Setting prices for the insured that are higher than expected costs. *Cultivating supplemental funding streams (e.g., charitable contributions, and state/Federal grants that partially compensate them for treating the uninsured, etc.). *Planning to accept lower revenues than they could otherwise earn. *Seeking redress in bankruptcy court for past unpaid bills." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)

#6 Costs Are Skyrocketing

- **The Cost Of Employer-Based Health Care Continues To Outpace Both Inflation And Wage Growth.** "But the costs of health care benefits continue to outpace inflation and wage growth, leading employers to cut back on benefits and eligibility while increasing employees' shares of cost." (Jean Yoon, E. Richard Brown, Shana Alex Lavarreda and Sungching Glenn, Health Policy Research Brief: "One In Five Californians Were Uninsured In 2005 Despite Modest Gains In Coverage," UCLA Center for Health Policy Research, 10/2006)
- **HMO Premiums Rose "Nearly 50 Percent" Between 1997 And 2002.** "HMO premiums have been rising quite sharply, from \$112 per month, per person in 1997 to \$166 in 2002, an increase of nearly 50 percent." (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)
- **Annual Increase In Health Insurance Costs Has Averaged 11 Percent Nationwide.** "Since 1988, the annual nationwide increase in private health insurance has fluctuated quite a bit but has averaged about 11 percent." (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)
- **Nearly Half Of All Personal Bankruptcies Are Related To Medical Costs.** "Supporters note that recent studies have found that nearly half of all personal bankruptcies in the US are related to medical causes, that those facing bankruptcy due to medical costs face average out-of-pocket costs of nearly \$12,000, and that over 75 percent have health insurance at the onset of their illness." (Senate Rules Committee, Senate Floor Analysis, Senate Bill 840, 5/24/05)

#7 Billions In Taxpayer Dollars Go To Health Care

- **The State Spends Billions Each Year To Help Defray Health Care Costs.** "This is based on national and California studies that show the full-year uninsured can spend 30 to 50 percent out of their own pockets for health care, depending on age and other factors. Assuming a midpoint of 40 percent for out-of-pocket spending, there is still 60 percent of spending (or \$9.6 billion) to be financed in some other way. To help defray the remaining \$9.6 billion, state, Federal and local governments spend several billion dollars annually." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)
- **But Uncompensated Care Costs Are Still Passed Off On Private Payers.** "Yet even the largest programs in California only offer \$2 billion toward this need. Also, these additional funds have a dual purpose of defraying the cost of the underinsured (see next section). We believe, on balance, the bulk of the \$9.6 billion in uncompensated care costs are shifted to private payers." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)

#8 Fewer Employers Offer Coverage

- **The Number Of Employees With Job-Based Coverage Has Declined.** "The increase in the number of uninsured was largely the result of a decline in the percentage of Americans with job-based coverage. That figure fell from 60.4 percent in 2003 to 59.8 percent in 2004. The number of uninsured increased among both full-time workers (from 20.6 million to 21.1 million) and part-time workers (from 5.9 million to 6.3 million). Likewise, the percentage of both groups who were uninsured increased—from 17.5 to 17.8 among fulltime workers and from 23.8 to 25.0 among part-time workers." ("The Uninsured and Rising Health Costs," Alliance For Health Reform, January 2006)
- **Employees Are Paying More For Health Care In Part Because Of Higher Cost-Sharing Requirements.** "Moreover, covered employees are paying more for health care, not only because their premium contributions are rising, but also because they are facing higher cost-sharing requirements. For instance, in 2005, the average annual deductible for single workers in a PPO was \$323—up 58 percent from 2001." ("The Uninsured and Rising Health Costs," Alliance For Health Reform, January 2006)

#9 Premiums and Overall Spending Are Rising Sharply

- **Health Insurance Premiums Are Going To Continue Rising – More Steeply.** "However, at least two studies predict a steeper rate of premium growth for 2006. An October 2005 study by Hewitt Associates projects a 9.9 percent increase in premiums, up from 9.2 percent in 2005. Mercer Human Resources Consulting predicts a 6.7 percent rise, up from 6.1 percent." ("The Uninsured and Rising Health Costs," Alliance For Health Reform, January 2006)
- **Overall Health Care Spending Has Nearly Doubled In A Decade.** Overall health care spending in California was nearly \$170 billion in 2004, up from about \$90 billion in 1993 and under \$60 billion in 1988. (Centers for Medicare and Medicaid Services, Office of the Actuary, "2004 State Estimates," May 2006)

#10 Quality of Care is Dropping

- **No One – Neither The Uninsured Nor Insured – Is Getting Top-Quality Medical Care.** "RAND's national study found deficits in quality of care across all types of care—chronic, preventive, and acute." (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)
- **Recommended Care Is Only Provided An Average Of 55 Percent Of The Time.** "Recommended care for managing chronic conditions (e.g., diabetes and hypertension) was provided 56 percent of the time. Preventive care (e.g., flu shots, mammograms and smoking cessation counseling) met quality standards 55 percent of the time. Recommended care for acute health problems (e.g., pneumonia and urinary tract infections) was provided 54 percent of the time." (Dana P. Goldman, Elizabeth A. McGlynn, "U.S. Health Care: Facts About Cost, Access, And Quality, The Rand Corporation, 2005)